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C O N F I D E N T I A L KINGSTON 002661

SIPDIS

STATE FOR WHA/CAR (WBENT), EB/ESC/IEC/EPC (MCMANUS,ESSER)

E.O. 12958: DECL: 12/06/2015

TAGS: [EPET](#) [ENRG](#) [ECON](#) [PREL](#) [JM](#)

SUBJECT: PETROCARIBE - SENIOR GOJ ENERGY OFFICIAL REJECTS
POSSIBILITY IT COULD BE USED TO MANIPULATE JAMAICA

REF: A. KINGSTON 2495

[1](#)B. KINGSTON 2026

[1](#)C. POWELL/NICHOLS 8/29/05 E-MAIL

[1](#)D. KINGSTON 2083

Classified By: Charge Thomas C. Tighe for reasons 1.4 (B) AND (D)

[1](#)1. (SBU) In a chance meeting at a function on December 1, Econoff discussed the PetroCaribe accord informally with Jean Dixon, Permanent Secretary at the Ministry of Commerce, Science and Technology (MCST, which also handles energy issues). Dixon was positive about the benefits that would accrue to Jamaica from PetroCaribe, and was dismissive of USG concerns about potential pitfalls. She noted that the GOJ was moving slowly and deliberately in its decisions on how to use the funds that would become available due to deferred financing, in part to allay Opposition Jamaica Labour Party (JLP) concerns that the governing People's National Party (PNP) would be tempted to spend irresponsibly in the run-up to the general elections set to take place prior to October 2007. She spoke briefly of a USD 10 million fund that will be designed to loan capital to small businesses that make use of alternative energy technologies and practice sound energy conservation strategies. Officials from the Energy Efficiency Unit at MCST stated, however, that this fund was still in the earliest stages of planning, and that it was not expected to be operational until 2006.

[1](#)2. (SBU) Dixon opined that the USG was overly concerned about PetroCaribe as an instrument for Venezuelan President Hugo Chavez to exercise political leverage in the region. Jamaica has a strong history of operating independently in the political arena, she noted, and would not be forced to act or vote in any particular manner simply to ensure a smooth relationship with other nations.

[1](#)3. (SBU) Addressing concerns about relying so heavily on a single source for Jamaica's oil, Dixon added that Jamaica has relied on Venezuelan oil for several years now, and claimed that the amounts received under PetroCaribe do not fundamentally alter this dependency. (Note: Post disagrees with this assessment, as inflows from Venezuela will now account for some 70 percent - 21,000 barrels - of Jamaica's energy needs of the 30,000 barrels required daily, up from approximately 24.6% percent under the Caracas Accord. End note.) The Permanent Secretary argued that for Venezuela to hold the region to ransom in the political arena would make poor business sense. Trinidad and Tobago had not always been entirely reliable in their supplies, she continued; accordingly, there was little need to worry about potential supply shocks under the new arrangement.

[1](#)4. (C) Finally, in response to EconOff's question about the intentions of Petcom, PetroJam's retail arm, which recently announced plans for an expansion, Dixon said that Petcom's true intention was to keep an eye on the market, and implied that her boss, Minister for Commerce, Science and Technology Phillip Paulwell, had perhaps gone too far when he was quoted in the press on October 23, saying that Petcom wanted to "take on the big boys," a comment which concerned executives from the main private sector gas marketing companies, which include Esso, Texaco and Shell.

[1](#)5. (C) Comment: Dixon was more than willing to discuss all aspects of PetroCaribe, and the cordial nature of this and a previous conversation with P/E Couns (Ref C) indicate that she is a receptive interlocutor as we continue to engage GOJ on this issue. Although Dixon certainly is not naive, it is possible that, as the senior civil servant at MTSCE, she might not worry overmuch about those "realpolitik" aspects of PetroCaribe she considers to be more the responsibility of her colleagues at the Foreign Ministry. Still, her unabashedly bullish assessment of PetroCaribe's benefits, and her refusal to acknowledge the accord's potential adverse consequences or hidden motives, are difficult to interpret. As Dixon is aware, following quiet Embassy interventions with a number of senior MFA officials prior to the September 6 PetroCaribe Summit in Montego Bay (Ref D), Prime Minister Patterson himself felt compelled publicly to assert that the PetroCaribe accord came with "no strings attached" by Venezuela, and both he and Dixon will undoubtedly have heard

concerns about Venezuelan motives also voiced by at least a few of their respective CARICOM counterparts. End comment.
TIGHE